

DeWitt County Hospital District economic development grants

HB 2835 by Von Dohlen/Armbrister

- DIGEST:** HB 2835 would have allowed the DeWitt County Hospital District to grant money (other than bond proceeds backed by property taxes) to a tax-exempt organization. The money could only have been used in the district to eliminate unemployment or underemployment and expand commerce, in order to improve the availability of health care services in the district.
- GOVERNOR'S REASON FOR VETO:** "This bill would allow the DeWitt County Hospital District to make grants to nonprofit entities for the promotion of economic development. Hospital districts were not created for purposes of economic development and should not have their funds diverted for those purposes. There are other mechanisms in the law that allow tax revenues to be raised for economic development purposes, and they offer more appropriate methods of promoting economic development."
- RESPONSE:** Rep. Tim Von Dohlen, author of HB 2835, said no local tax or bond money would have been used to finance the bill — all funding would have come from hospital fees. Increased economic development in the hospital district would have expanded the patient base and the tax base available to support rural hospitals, allowing expanded indigent care services and upgraded facilities. As a result, district residents would no longer have had to seek care in other communities, and scarce skilled medical personnel would have been attracted to the district. Rural hospitals and their host communities are in a mutually dependent relationship. Texas leads the nation in hospital closures, and this bill would have helped the DeWitt Hospital District help itself by helping its community through health-related economic development, said Rep. Von Dohlen.
- NOTES:** HB 2835 passed the House on the Consent Calendar and was not analyzed in a *Daily Floor Report*.